
**GREATER NEW ORLEANS BIOSCIENCES ECONOMIC
DEVELOPMENT DISTRICT (THE BIODISTRICT)
NEW ORLEANS, LOUISIANA**

SINGLE AUDIT REPORT

DECEMBER 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **SEP 21 2011**



Postlethwaite
& Netterville

A Professional Accounting Corporation

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**GREATER NEW ORLEANS BIOSCIENCES ECONOMIC
DEVELOPMENT DISTRICT (THE BIODISTRICT)
New Orleans, Louisiana**

Single Audit Report

December 31, 2010

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Board of Commissioners
Greater New Orleans Biosciences Economic Development District
New Orleans, Louisiana

We have audited the financial statements of the Greater New Orleans Biosciences Economic Development District (the BioDistrict), as of and for the year ended December 31, 2010, and have issued our report thereon dated May 26, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the BioDistrict's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the BioDistrict's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the BioDistrict's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the BioDistrict's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2010-1.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Post Thwaite & Nettville

Metairie, Louisiana
May 26, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Commissioners
Greater New Orleans Biosciences Economic Development District
New Orleans, Louisiana

Compliance

We have audited the compliance of the Greater New Orleans Biosciences Economic Development District (the BioDistrict) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended December 31, 2010. The BioDistrict's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the BioDistrict's management. Our responsibility is to express an opinion on the BioDistrict's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the BioDistrict's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the BioDistrict's compliance with those requirements.

In our opinion, the BioDistrict complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the BioDistrict is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the BioDistrict's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the BioDistrict's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the BioDistrict, as of and for the year ended December 31, 2010, and have issued our report thereon dated May 26, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of Federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information of management, the Board of Commissioners, Federal awarding agencies, and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Nettville

Metairie, Louisiana
May 26, 2011

**GREATER NEW ORLEANS BIOSCIENCES ECONOMIC
DEVELOPMENT DISTRICT (THE BIODISTRICT)
New Orleans, Louisiana**

Schedule of Expenditures of Federal Awards

For the year ended December 31, 2010

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>United States Department of Housing and Urban Development:</u>		
Passed through the State of Louisiana Office of Community Development:		
Community Development Block Grant	14.228	\$ <u>1,326,477.</u>
Total Federal Awards		\$ <u>1,326,477</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**GREATER NEW ORLEANS BIOSCIENCES ECONOMIC
DEVELOPMENT DISTRICT (THE BIODISTRICT)
New Orleans, Louisiana**

Notes to Schedule of Expenditures of Federal Awards

December 31, 2010

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the Federal awards of the BioDistrict. The BioDistrict's reporting entity is defined in note 1 to the financial statements for the year ended December 31, 2010. All Federal awards received from Federal agencies are included on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 2 to the BioDistrict's financial statements for the year ended December 31, 2010.

**GREATER NEW ORLEANS BIOSCIENCES ECONOMIC
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New Orleans, Louisiana**

Schedule of Findings and Questioned Costs

Year ended December 31, 2010

(1) Summary of Auditors' Results

- (a) The type of report issued on the basic financial statements: unqualified opinion
- (b) Significant deficiencies in internal control were disclosed by the audit of the financial statements: no; Material weaknesses: no
- (c) Noncompliance which is material to the financial statements: no
- (d) Significant deficiencies in internal control over major programs: no;
Material weaknesses: no
- (e) The type of report issued on compliance for major programs: unqualified opinion
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: no
- (g) Major programs:
 - United States Department of Housing and Urban
Development:
Community Development Block Grant 14.228
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: no

**GREATER NEW ORLEANS BIOSCIENCES ECONOMIC
DEVELOPMENT DISTRICT (THE BIODISTRICT)
New Orleans, Louisiana**

Schedule of Findings and Questioned Costs

Year ended December 31, 2010

(2) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*:

2010-1

Louisiana Local Government Budget Act

Criteria: LA Revised Statute 39:1305 requires budgets for local governments be made available to the public and for a notice of availability to the public be published in the local journal at least 10 days prior to the public hearing for the budget. After a hearing allowing for public comment, the budget should be adopted in open session prior to the beginning of the entity's fiscal year.

LA Revised Statute 39:1305 also requires a budget message to accompany the proposed and adopted budget.

LA Revised Statute 39:1305 also requires that budgets be amended when actual revenues and expenditures fall short of or exceed, respectively, budgeted amounts by more than 5%.

Condition: Although the budget was adopted in a Board meeting that was open to the public, the BioDistrict did not notify the public of the availability for the budget in the local journal and did not hold a public hearing. Additionally, the budget did not include a budget message. Finally, actual revenues fell short of the budgeted amount by more than 5%.

Effects: The BioDistrict was non-compliant with the statute.

Cause: The uniqueness of the BioDistrict with respect to its enabling legislation and the start-up nature of the BioDistrict's operations resulted in misunderstanding of the laws that applied to the BioDistrict.

Recommendation: We recommend compliance with the statute in future years.

Management's Response: The income and expense adopted in the 2010 budget were best estimates as of December 2009. The 2011 budget is based on projections from actual income and expenses in 2009. Future expenditures should not exceed budgeted amounts by more than 5%, but if they do, budgets will be amended accordingly. As management was unaware of the budget compliance requirements during fiscal year 2011, this will be a continuing finding. Management fully expects to be in compliance for fiscal year 2012.

(3) Findings and Questioned Costs relating to Federal Awards: None

**GREATER NEW ORLEANS BIOSCIENCES ECONOMIC
DEVELOPMENT DISTRICT (THE BIODISTRICT)
NEW ORLEANS, LOUISIANA**

FINANCIAL STATEMENTS

DECEMBER 31, 2010



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**GREATER NEW ORLEANS BIOSCIENCES ECONOMIC
DEVELOPMENT DISTRICT (THE BIODISTRICT)
NEW ORLEANS, LOUISIANA**

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Greater New Orleans Biosciences Economic Development District
New Orleans, Louisiana

We have audited the accompanying financial statements of the governmental activities and the general fund of the Greater New Orleans Biosciences Economic Development District (the BioDistrict) as of and for the year ended December 31, 2010, which collectively comprise the BioDistrict's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the BioDistrict's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the BioDistrict, as of December 31, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 26, 2011, on our consideration of the BioDistrict's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 4 and page 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Postlethwaite & Nettlesville

Metairie, Louisiana
May 26, 2011

REQUIRED SUPPLEMENTARY INFORMATION

GREATER NEW ORLEANS BIOSCIENCES ECONOMIC DEVELOPMENT DISTRICT
(THE BIODISTRICT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

This report offers readers of these financial statements an overview and analysis of the financial activities of The Greater New Orleans Biosciences Economic Development District (the BioDistrict). This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the BioDistrict's financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns. Ordinarily, this section would include prior year amounts for comparative analysis; however, 2010 was the first year of operations.

FINANCIAL HIGHLIGHTS

- The BioDistrict's total net assets at year-end were \$91,966.
- The first year of operations resulted in an operating surplus, or increase in net assets of \$91,966.
- The BioDistrict's primary funding source for 2010 was a Federal grant from the State of Louisiana in the amount of \$2,400,000 for its local government infrastructure program. The BioDistrict received \$1,291,007 of funds in fiscal year 2010.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements presented in two separate columns that present different views of the BioDistrict:

- The government-wide financial statements provide both long-term and short-term information about the BioDistrict's overall financial status.
- The fund financial statements focus on the BioDistrict's governmental operations and report these operations in more detail than the government-wide statements.
- The governmental funds statement tells how the general government operated for the year.

Government-wide Statements

The government-wide statements report information about the BioDistrict as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the BioDistrict's net assets and how they have changed. Net assets – the difference between the BioDistrict's assets and liabilities – is one way to measure the BioDistrict's financial health, or position.

- Over time, increases or decreases in the BioDistrict's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the BioDistrict you need to consider additional nonfinancial factors such as economic factors.

GREATER NEW ORLEANS BIOSCIENCES ECONOMIC DEVELOPMENT DISTRICT
(THE BIODISTRICT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

Fund Financial Statements

The fund financial statements provide more detailed information about the BioDistrict's most significant funds – not the BioDistrict as a whole. Funds are accounting devices that the BioDistrict uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds may be required by State law and by bond covenants.

The BioDistrict currently has one fund – its general fund, which accounts for all of its start-up funding and costs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found on pages 7 through 9 of the accompanying audit report.

ECONOMIC FACTORS

During its start-up phase the BioDistrict is dependent on intergovernmental grants for its revenues.

CONTACTING THE BIODISTRICT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the BioDistrict's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact James P. McNamara, President and CEO, 134 LaSalle Street, New Orleans, Louisiana 70112.

**GREATER NEW ORLEANS BIOSCIENCES ECONOMIC
DEVELOPMENT DISTRICT (THE BIODISTRICT)**

**GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 39,719	\$ -	39,719
Grants receivable	241,911	-	241,911
Prepaid expenses	341	-	341
TOTAL ASSETS	<u>\$ 281,971</u>	<u>-</u>	<u>281,971</u>
<u>LIABILITIES</u>			
Accounts payable	189,605	-	189,605
Other liabilities	35,870	(35,470) 1	400
TOTAL LIABILITIES	<u>225,475</u>	<u>(35,470)</u>	<u>190,005</u>
<u>FUND BALANCES/NET ASSETS</u>			
Unrestricted	56,496	(56,496) 2	-
TOTAL FUND BALANCE	<u>56,496</u>	<u>(56,496)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 281,971</u>		
Net assets - unrestricted		91,966	91,966
TOTAL NET ASSETS		<u>\$ 91,966</u>	<u>\$ 91,966</u>

1 - Adjusts liabilities in the governmental funds that do not provide current financial resources to be reported as revenues in the statement of activities.

2 - Reclassifies the fund balance for inclusion in net assets.

The accompanying notes are an integral part of the statements.

**GREATER NEW ORLEANS BIOSCIENCES ECONOMIC
DEVELOPMENT DISTRICT (THE BIODISTRICT)**

**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES
DECEMBER 31, 2010**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<u>REVENUES</u>			
Grant revenue	\$ 1,291,007	\$ 35,470 1	\$ 1,326,477
State appropriations	133,006	-	133,006
Other	42	-	42
Total revenues	<u>1,424,055</u>	<u>35,470</u>	<u>1,459,525</u>
<u>EXPENSES</u>			
Consulting fees	1,122,342	-	1,122,342
Salaries and benefits	151,181	-	151,181
Rent and utilities	66,691	-	66,691
Marketing	17,385	-	17,385
Dues, licenses, and subscriptions	2,400	-	2,400
Insurance	3,749	-	3,749
Travel and meetings	4,165	-	4,165
Supplies and other operating expenses	245	-	245
Total expenses	<u>1,368,158</u>	<u>-</u>	<u>1,368,158</u>
Excess of revenues over expenditures/ changes in net assets	<u>55,897</u>	<u>35,470</u>	<u>91,367</u>
Fund balance/net assets			
Beginning of year	599	-	599
End of the year	<u>\$ 56,496</u>	<u>\$ 35,470</u>	<u>\$ 91,966</u>

1 - Adjusts revenues to full accrual by recording receivables collected after year-end.

The accompanying notes are an integral part of these statements.

GREATER NEW ORLEANS BIOSCIENCES ECONOMIC DEVELOPMENT DISTRICT
(THE BIODISTRICT)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

1. Nature of Activities

The Greater New Orleans Biosciences Economic Development District (the BioDistrict) is a political subdivision of the State of Louisiana as defined in Article VI, Section 44(2) of the Constitution of Louisiana.

The BioDistrict encompasses 1,500 acres spanning the Downtown and Mid-City areas of New Orleans. The BioDistrict is focused on the development of a biosciences industry in New Orleans that will provide world-class biosciences research and development including local, regional, and global healthcare delivery and stable high-paying jobs for professionals, managers, and workers representing a wide range of skills. Through partnerships among major educational and research institutions, private companies, government agencies, and independent foundations, the BioDistrict's purpose is to create opportunities for workforce training and research needed to build a successful biosciences industry.

2. Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. GASB is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

The accounting policies of the BioDistrict conform to accounting principles generally accepted in the United States of America as applicable to governments and special districts. The following is a summary of the more significant accounting policies:

The BioDistrict's basic financial statements include both government-wide (reporting the BioDistrict as a whole) and fund financial statements (reporting the BioDistrict's fund). Both the government-wide and fund financial statements categorize primary activities as governmental type. The government-wide Statement of Net Assets and Statement of Activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term liabilities. The government-wide focus is more on the sustainability of the BioDistrict as an entity and the change in the BioDistrict's net assets resulting from the current year's activities.

The government-wide financial statements utilize FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinion, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

The BioDistrict's fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to fund current operations. The BioDistrict considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recognized when the related fund liability is incurred.

GREATER NEW ORLEANS BIOSCIENCES ECONOMIC DEVELOPMENT DISTRICT
(THE BIODISTRICT)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

2. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The fund financial statements provide information about the BioDistrict's governmental funds. The emphasis of fund financial statements is on the major governmental fund. As of December 31, 2010, the BioDistrict had only one fund, the general fund, which is reported as a major fund. In future periods, the BioDistrict may employ multiple funds, some of which will be considered major and presented separately, while others may be considered non-major and reported on a combined basis.

The Financial Reporting Entity

GASB established standards for defining and reporting on the financial entity. GASB Codification indicates the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special purpose government that meets all of the following criteria: a) has a separately elected governing body, b) is legally separate, and c) is fiscally independent of other state and local governments.

As previously discussed, state statute established the BioDistrict as a separate, legal entity with a governing body which is separate and independent of any other governmental "reporting entity", as defined by GASB codification.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less, excluding amounts whose use is limited by board designation or those amounts with third-party payers.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws, or regulations of other governments.

GREATER NEW ORLEANS BIOSCIENCES ECONOMIC DEVELOPMENT DISTRICT
(THE BIODISTRICT)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

2. Summary of Significant Accounting Policies (continued)

Fund Balance

In the fund level financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

3. Cash and Cash Equivalents

As a political subdivision of Louisiana, the BioDistrict may deposit funds in state chartered financial institutions or nationally chartered institutions with principal offices maintained within Louisiana. All deposits must be secured against custodial credit risk through either FDIC insurance or pledge of bank securities.

At December 31, 2010, the carrying amount and the bank balance of the BioDistrict's deposits was \$42,950. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it under state law; at December 31, 2010, all deposits are secured by Federal depository insurance.

4. Cooperative Endeavor Agreements

Effective February 1, 2010, the BioDistrict entered into a cooperative endeavor agreement with the State of Louisiana, Division of Administration, Office of Community Development (OCD) to provide Federal funding to the BioDistrict. The OCD, as administrator of the CBGB Disaster Recovery Program, made available to the BioDistrict \$2.4 million in CBGB disaster recovery funds for the Project. Funds were provided under the OCD Local Government Infrastructure Program. The BioDistrict shall use Grant Funds to develop a District-Wide Plan designed to aid in the recovery, revitalization, and growth of the District into a globally competitive biosciences research epicenter. The project shall include, but is not limited to, the compilation of three separate studies/components: (1) Master Plan; (2) an Economic Baseline and Impact Study; and (3) a Legislative Study.

5. Commitments and Contingencies

The BioDistrict entered into a management agreement, with an initial term of one year, with the New Orleans BioInnovation Center, Inc. ("NOBIC") for the use of facilities and administrative services managed by NOBIC. Management fees paid to NOBIC for the year ending December 31, 2010 were \$69,011.

6. Compensation of the Board of Commissioners

The thirteen members of the BioDistrict's Board of Commissioners serve without compensation.

REQUIRED SUPPLEMENTARY INFORMATION

**GREATER NEW ORLEANS BIOSCIENCES ECONOMIC
DEVELOPMENT DISTRICT (THE BIODISTRICT)**

**BUDGETARY COMPARISON SCHEDULE
DECEMBER 31, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUES</u>			
Grant revenue	\$ 2,400,000	\$ 1,326,477	(1,073,523)
State appropriations	100,000	133,006	33,006
Other	50,000	42	(49,958)
Total revenues	<u>2,550,000</u>	<u>1,459,525</u>	<u>(1,090,475)</u>
<u>EXPENSES</u>			
Consulting fees	2,173,000	1,122,342	(1,050,658)
Salaries and benefits	241,500	151,181	(90,319)
Rent and utilities	66,535	66,691	156
Marketing	30,000	17,385	(12,615)
Dues, licenses, and subscriptions	-	2,400	2,400
Insurance	4,090	3,749	(341)
Travel and meetings	10,000	4,165	(5,835)
Supplies and other operating expenses	17,500	245	(17,255)
Total expenses	<u>2,542,625</u>	<u>1,368,158</u>	<u>(1,174,467)</u>
Excess of revenues over expenditures/ changes in net assets	<u>7,375</u>	<u>91,367</u>	<u>83,992</u>
Fund balance/net assets			
Beginning of year	599	599	-
End of the year	<u>\$ 7,974</u>	<u>91,966</u>	<u>83,992</u>